Swami Ramanand Teerth Marathwada University, Nanded

Synopsis on

A CRITICAL EVALUATION OF FOOD SECURITY AND PUBLIC DISTRIBUTION SYSTEM

(WITH SPECIAL REFERENCE TO MARATHWADA REGION)

Submitted to

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Introduction:

In India's public distribution System was started during Second World War to address food security concern in the face of scarcity with the intention of maintaining price stability to avoid dishonest practices in private trade. The scheme was initially heavily depended on imported food. The main purpose of PDS was to act as price supporting programs for the consumers during the periods of food shortages of 1960. In the 1960s, coverage of the PDS was extended owing to a food crisis. The green revolution, coupled with favorable weather, led to the growth of comfortable buffer stocks in1980s. In June 1997, the government of India launched the targeted Public Distribution System with focus on the poor. It distributes subsidized (affordable price) food and non-food items to Indians poor major commodities distributed includes staple food grains, such as wheat, rice, sugar and kerosene, through a network of public distribution Shops (PDS). Public Distribution System is an Indian food security system established by Government of India under ministry of consumer affairs food and public distribution System. The public Distribution System today supports over 40 crore Indians are below the poverty line with monthly supply of subsidized food grain .the system also provided, gainful employment for 4.78 lakh fair price shops, owners their employees and labour who work at the FCI and state ware hosing godowns.

Meaning of Public Distribution System:

Public distribution system (PDS) is sum of three words public distribution system which means a system of distribution of necessary goods and services among people by Government or any other public agency in regarded to the distribution of necessities for general public as whole distribution is a vital function of marketing. It provides an important link between the producers and customers by making available goods and service at a right price. The distribution system encompasses all movements starting from shipment of raw material to the delivery of finished product to the customer. A public distribution system whole or a part of the distribution system in principle owned and controlled by the public authorities on behalf of the

general public and run by them for providing the foods to general public or specific group thereof. The aim of the public distribution system is to meet the basic needs of the vulnerable sections of the society who cannot to meet their needs on their own and depend upon the market forces to obtain the supplies. The system generally encompasses the products of necessities for mass consumption.

Public distribution of essential commodities has become the main feature of the developing economies and countries in the world war facing the problem of scarcity of essential commodities and hence it has become the responsibility of the government to provide these commodities to their citizens at reasonable price, in time. In social welfare countries the work distribution system assumes a PDS become the system of distribution in such countries is under the control of their government, but in the mixed economy (economies)only that part of system of distribution comes under PDS, which is owned either by the government or by the public authorities.

The concept of public distribution system in India has some specific connotations. It is neither like a system of distribution under public ownership as in the case of many socialist countries, nor is an independent private system of consumer cooperation as found in Scandinavian countries .The public distribution system in India is a retailing state and central Government. It system under which the central and state Government to the meant provides essential commodities to the vulnerable and poor sections of the society at subsidized reasonable price.

Definition of food security:

1) World Health Organization defines food security as the availability of sustaining a given population, over a given period of time this definition was developed during the 1995 world food summit and is based on three pillars namely food access, food availability and food use.

2) Food security is basically when a family has enough food in the household for all of the people who live in that household. Everyone in the household is basically taken care of and does not go hungry.

Food Security:-

Banishing hunger, ensuring food security to all citizens has been accepted as the primary responsibility of the state toward its citizens, and is repeatedly endorsed at

various national, regional and international for the concept of food security is interpreted in variety of way. The concept of food security has been defined by the World Bank as 'Access by all people, at all times to enough food for an active, health life.This is the widely used definition of food security, however, physical and economic access to food at the household level at all times to ensure healthy and active live life is the crux of food security.Emphasis in this concept is an 'access' or 'entitlement' to individuals and not just food self-sufficiency at the national or household level.Individual who do not get need based food is defined as food insecure. In practice, food security is generally, equated with the absence of hunger, of at number of calories at the household level.

Food security becomes a reality only the household level In fact, at the level of each member of the household. As far as household food security is concerned, a consensus is emerging favoring the entitlement approach to explain access to food by the households with approach, principally developed by Amarty Sen. to explain the cause, of famine, and its consequences for different groups of people asymmetry of its impact. We have taken a major step-forward. This approach, as now well known is a significant departure from earlier explanation of famine solely in terms of decline in food availability. Where consensus has emerged is the recognition of the weakness of the calorie-based definition of food security. Without an assurance of nutritional adequacy food security have very little meaning. This is a growing consensus of and the need to widen the definition of food security. Calorie norm, at best can provide a threshold but not the standard for food security, food security acquires a meaning where it also connotes nutritional security at the household level. It is the different matter that nowhere in developed as well as developing countries, this nation of access to nutritionally adequate diet is operational used. The main reason is of the absence of nutritional security or for that matter even the narrowly defined calories based food security is that we have not balanced view on the respective role of the state market and civil society in assuring food security in terms of the term chronicfood insecurity as expressed up under nourishment and one-meal-a day leads to poor health and low productivity of workers and also results in to stunted growth of children the future human resource. A numbers of indicators of poverty, food insecurity and malnutrition show that the share of India in the food insecure and malnourished population on in the world is much higher than it share in world

population. Contribution of economic growth by food insecure people is low and is a major cause of social and political instability.

According to recent estimates, approximately 36 percent of the Indian population lives below the poverty line. This means their income is not sufficient to buy enough food. About 80 percent of these poor people live in rural areas. The Government of India as well as Maharashtra state governments have formulated and implemented various schemes to alleviate poverty or improve the social security of this most deprived price. The schemes aim to enhance self-employment, generate wage employment or transfer income to the poor. The public distribution system (PDS) is large-scale food rationing program of month to reduce food insecurity and improve welfare. Public distribution is a major instrument of price policy in India. While the minimum support prices are a device for safeguarding and promoting producer is interests, the public distribution system is amid at safeguarding the interests of the low income consumer of that may be called the vulnerable section of the population. The system as it has operated so far, has been concerned mainly with food grain distribution, through some other commodities such as Sugar and Kerosene have also been covered by it.

Origin and Evolution of PDs in India:

The state interventions in the food grain markets have been in existence in India for a long time 'Arthashastra' recommends effective public action trough food subsidies as the basic remedy for famine. The suggested measures included distribution of seed and food from the royal store on concessional terms and food for work programmers for building forests, irrigation work etc.

The origins of the Indian public distribution system can be traced back to the second world was and Bengal famine in 1943 when the colonial government felt the need to develop a food policy for the country.Public distribution system was initiated in 1939 when perhaps for the first time government intervened in the distribution of food grains in Bombay. The objective was mainly to check the speculative tendencies of food grains merchants during the Second World War. Subsequently, the worst famine of the country (Bengal famine of 1943), also underlined the urgency of PDS. Hence, the Government extended PDS to other states as well, by 1947; about 54 million people in urban areas were converted by statutory rationing and another 19 million by other forms of public distribution.

Almost all the committees and commissions (including five year plan documents) that were set up to look in to food grain distribution or related matters, emphasized and recommended its expansion and efficient functioning. Notable amongst these are food grains policy committee (under Tenodore Gregory 1943): food grains policy commttee1947 (under Purshottamdas Thakurdas), food grains procurement committee, 1950(under Thirumal Rao): food grains Enquiry committee 1957(under Ashok Mehta): food grains policy committee 1966(under B. Venkatappiah), study team on fair price shops 1966(under V.M Dandekar): National commission on Agriculture 1975(interim Report on Agricultural price policy) and various five year plan documents.

The food corporation of India (FCI) created in 1965 as a public sector undertaking is the principal agency through which food procurement and distribution policies are implemented. Its main aims are to ensure that the primary producer gets the minimum price set by the government and to protect the consumer from the speculative trade. It handles all purchase, storage, movement, distribution and sale of food grains on behalf of the control government and some of the state governments as well FCI came into existence to implementing the objectives of government's food policy viz. 1) ensuring remunerative price of farmers, 2) ensuring availability of cereals to consumers at affordable price, 3) maintaining relative price stability in food grains prices. The agricultural prices commission was set up for recommending support prices and procurement prices as also procurement targets.FCI issues food grains to the PDS based on allocations made by the Government of the India. It also supplies grains to state governments for special schemes such as food for work and for relief measures during floods and cyclones. Allocations from procured food grains are also made for schemes like the Mid-day meal scheme, payment of wages in kind under rural employment schemes etc.

The public distribution system is an essential component of government's food management policy. The system operates through a net work of ration shops and fair price shops.[10] Issue of food grains through public distribution system is an integral facet of the modus operandi of Indian food grains sector. Government provides subsidized food grains to consumers primarily through a network of fair price shops (FPS). The supply lines of PDS are fed either through imports of food grains from a broad or procurement from domestic production, or both. During the early and Mid-sixties PDS relied almost entirely on imports (PL-480) but with the onset of 'Wheat

Revolution' since 1967-68 imports have been replaced gradually by domestic procurement. In the past, when the food deficits were, large, areas of high purchasing power such as big cities were cordoned off to prevent unduly high large quantities of supplies being drawn off from the rural areas and statutory rationing was introduced in those areas. The system also catered to the need of working classes in the Industrial areas and big cities.

Public distribution comprised of two types of rationing wise, statutory rationing and informal rationing. The difference between these two types of rationing is that in the statutory rationed areas, the open market is legally barred from functioning and government undertakes the responsibility of supplying specific rationed quantities to consumer. In the areas of informal rationing on the other hand, the government meets only a portion of the food requirements of the consumers through fair price shops and that too, only if the fair price shops have adequate quantities to offer. The open market is allowed to function so that the consumers can supplement the rations obtained from the fair price shops by purchases in the open market or if they so desire, purchase their entire food grains requirements from the open market. Statutory rationing resorted to only in major cities, all other areas in the state being covered by informal rationing. The reason why statutory rationing has been instituted in major cities in that, they are pockets of high purchasing power and if they are not cordoned off, price will be pushed up all over the country.

The principal objective of procurement an import has been to meet the needs of distribution through fire price shops, though after 1908 greater attention is being given to building up buffer stocks also. Distribution rests on both statutory and informal rationing. The general practice has been to cordon off major cites imposing restrictions on movements on private account and to institute statutory rationing in them. The reasoning behind this special treatment for cites is that they are pockets of high purchasing power and if free movement is allowed it would push up prices all over the country.

Revamped public distribution system (RPDS) was started in Jun 1992 some quantities of cereals have gone to designated backward areas through the revamped PDS. This scheme was operating in 1.775 blocks covering tribal, hill and arid areas having poor in restructure, rice and wheat are allocation to states / union territories at price lower by Rs.50per quintal than the issue price for normal PDS. It was stipulated that retail price of food grain is RPDS should not be higher than the central price by

more than 25 paisa per kg. The scheme now covers 2, 496 blocks in the country which also have Employment Assurance scheme. The targeted public distribution system (TPDS) directly targets the subsidy to the poor. This scheme is meant to serve families below poverty line (BPL) under this scheme the state are required to identify these families and provide them 10 kg of food grains per family (20 kg with effect from April 2000) at 50 percent of the FCI economic cost. Supply of grains to the state for this purpose is guaranteed by the central government. In addition, workers under Employment assurance scheme / Jawahar Rojgar Yojana would also receive food coupons to be exchanged at fair price shops for grains at the rate of 1kg per man a day.th states are free to provide higher quotas/ price subsidies by adding from their own resources. The population above poverty line (APL) would continue to receive food grains as per the usual untargeted or universal public distribution system (UPDS) at price equal to 90 percent of the FCI's economic cost. It is however, envisaged that the APL families will be slowly phased out the systems. Under TPDS, the incentive for leakages has increased due to the large difference between the open market and ration market price for the BPL families. Thus, although the off takes are higher for the BPL food grains it is not clear how much actually reaches the poor, with persisting distributional problems it is not clear as to whether and how the entire allocation would be lifted by the states and than by the consumers. In addition, while the central issue price was frozen for the BPL families until it was revised upwards last year, there has been a substantial increase in the price for APL families. This has led to a lower off take in the APL category. The net effect seems to be increasing food stocks with the FCI adding further to its costs. Due to the poor off take in the APL category there is not much scope for growth in FCI's average sales realization. The introduction of TDPS has also led to the perverse outcome where allotment of food grains was increased to states with weak delivery system and reduced to those with, greater administrative efficiency since the allotment was based on the prevailing poverty levels in states.

The responsibility of operating the PDS is shared between the central and state governments. The central government procures stocks and supplies grain and absorbs the casts of these operations. Ones the grains is allocated to the states it is the job of the state government to 'lift' the grain and distribute it to the retail PDS out lets across the state. Hence, the PDS performance depends on food grains operations of the central governments as well as the distribution of the subsidized grain by state

governments. As a result, regional diversity in PDS performance can be expected and is indeed a finding of earlier studies.

The recent changes in the food distribution system have been motivated mainly by a need to reduce the food subsidy bill these changes have however concentrated mostly on one aspect of the problem namely, that quite a large fraction of the benefits accrue to the non-poor in the absence of explicit or implicit targeting. The government seems to have in gored the in the same way or perhaps more important problem of leakages of benefits due to corruption. Riddled with the problems of rising costs, low income support and ineffective targeting of subsidies to the poor; the Indian government initiated a new scheme in June 1997.

PDS in Maharashtra:-

Public distribution system was initiated in 1939 when perhaps for the first time Government of Maharashtra intervened in the distribution of food grain in Bombay. The objective was mainly to check eth speculative tendencies of food grains merchants during the Second World War. Subsequently the worst famine of the country (Bengal famine 1943), also underline the urgency of PDS. Hence the government extended PDS to other state as well in Maharashtra. Public distribution system launched as general entitlement scheme in 1940. Targeted public distribution system (TPDS) was revamped to gather poor households in 1997, than in 2000 launched the Antyoday Anna Yojana scheme to target the 'poorest of the poor'; PDS control order; Government notified this order to administer TPDS and established National Food Security Act in 2013 this act provide legal right to food to poor section in the society. The responsibility of operating the PDS is shared between the central and the state Governments. The central government procures stocks and supplies grains and absorbs the cost of these operations. Once the grain is allocated to the states, it is job of the state government to lift the grain and distribute it to the retail PDS outlets across the state. Hence the PDS Performance depends on food grains operations of the central government as well as the distribution of subsidized grain by state government.

PDS in Marathwada Region:-

Marathwada Region is considered as backward region of Maharashtra because it is a part of Maharashtra which is termed as backward region. As per 2011 census total

population of Marathwada Region is 18,73,19,20 out of this population 18515484 people are beneficiaries of public distribution system to provide the food security to backward people government introduced Public distribution system in India in 1940 as well as government attended PDS in Maharashtra state particularly in Marathwada region. Public distribution system in Marathwada Region provides food security to poor section in the society with the help of fair price shops.

Statement of the problem:-

Today India is facing so many major problems such as, unemployment, malnutrition, poverty, starvation and it is often the case in India poor food distribution system. The current problem is in India is of the nature; it is not so much a lack of nutrient rich food, but rather a weakness in the food supply chain in India particular in Maharashtra. Marathwada Region is not exception for the same. Due to this researcher has selected "A Critical Evaluation of Food Security and Public Distribution System with special Reference to Marathwada Region'' this topic to study.

Objectives of the study:-

Following objectives are of the research study:

1) To know the main objectives of Food security and Public Distribution System.

2) To examine the beneficiaries of PDS-joint Account System in Marathwada Region.

3) To know the profile of Marathwada Region.

4) To know the supply of commodities through PDS system in Marathwada Region.

5) To study the Efficiency and transparency in PDS in Marathwada Region.

Hypothesis of the study:

H1. Mismatch between demand and supply of commodities in PDS system in Marathwada Region.

H2. Lack of efficiency and transparency in Administrative system of PDS in the Marathwada Region.

H3. PDS has failed to overcome the problem of malnutrition and starvation in Marathwada Region.

Study Area:-

The study area of the research study is Food Security and public Distribution System, in Marathwada Region. Marathwada Region is comprised of Eight districts 76th talukas with 1, 87, 31,920 population as per 2011 census. The researcher has also covered the PDS ration shops which plays an important role in providing food security in Marathwada Region under his research study.

Limitation of Study:-

This research study will restricted to the food security and PDS in Marathwada Region only. The researcher carried out research for the period of five years i.e. 2009 to 2016 by considering the time and financial constraints.

Significance of the study:-

Central and state Government provides food security to poor section people in the society to improve their living of sanders. A Maharashtra government provides various types of scheme for poor section in the society to reduce problems of powerty, malnutrition, starvation. Researcher wants to know the status of beneficiaries of public distribution system. This study will help to know the socio-economic status of the beneficiaries of public distribution system in the Marathwada region due to this research has select this topic for the study.

Research Methodology:-

The present research will be descriptive as well as analytical based on primary and secondary data for accomplish objectives and hypothesis of the study. They constitute the main sources of information suitable for the purpose of research work.

Primary data:-

Primary data will be collected with the purposive random sampling method form the selected beneficiaries of PDS and ration shops and dealers through the Schedule.

Secondary data: -

Secondary data will collect from various books, various journals, articles, newspaper, economic survey, annual reports etc. Primary & secondary data will be use to prove objectives & hypothesis of the study.

Size of sample:-

There are 8thdistrict in Marathwada region viz Aurangabad, Jalna, Beed, Osmanadad, Latur, Nanded, Parbhani and Hingoli from each district through the purposive random sampling method 50th respondents will be selectedthose who are beneficiaries of public distribution system. Data will be collect from 400 (respondent) and 38 (FPSs dealers) samples of beneficiaries of PDS from 8th district (with selecting Administrative Divisions with focus on BPL ration card holders max and mini) of Marathwada Region by using purposive sampling method.

Chapter scheme:

The present thesis willbe divided in to six chapters these are as follow:-

1) Introduction:-

In the first chapter discusses will on, the need of public distribution system for essential commodities, meaning of food security and PDS, origin of PDS, policy changes regarding public distribution of food grain and other essential commodities in India, issues in operation of public distribution system in India. It devoted to take a review of the current and relevant literature on different aspects of public distribution system in India. It will also cover the main Objectives, Hypothesis of the present study, methodology adopted to study them and scheme of chapters.

2) Food security and PDS in India:

This chapter will discusses overview of food security and public distribution system in world, India and Maharashtra, it will also highlight on the public distribution system in Marathwada region, Administrative set-up of PDS in Maharashtra, it will also covers objective of Maharashtra Govt. toward of PDS various schemes under PDS government by Maharashtra state, also will focused on National Food Security Act, 2013.

3) Food security and PDS in Marathwada Region:-

This chapter Researcher will highlights on profile of Marathwada Region. This includes brief history, geographical situation and geophysical characteristics, area and topography, population, literacy rate, sec ratio, forest, river system, climate, rainfall, crops and irrigation, transportation and communication, education, banking, it shows type of ration cards depending on Annual Income in Marathwada Region, schemes under PDS in Marathwada Region, number of fair price shops in Marathwada Region, number of card holders APL/BPL/others, and it will be focus on supply of goods through PDS, supply of food grains by PDS in Marathwada Region.

4) Interpretation of data analysis:-

This chapter will divide in to two sections A and B. A section will base on the response given by PDS respondents and B section will base on the response given by the dealer respondents.

A) In this section researcher will analyzed the food security and public distribution system in Marathwada Region. With respect to respondents, in this chapter will also presents the discussion on imputed gains to the respondents and problems of drawing commodities from the fair price shops. It will focused on analyze demographic and social status, educational status, occupational status, income status of respondents. It will also analyzed position of category wise respondents, it also discussion of price and commodities distributed by PDS, this chapter also present food requirement/demand by respondents and supplied by PDS, it also focused on awareness of new joint account Yojana, problems of weighing and ration card procedure faced by respondents, it will also focused on quality of food grains, investigations of ration card by government officers.

B) In this section researcher will analyzed profile of age, gender, cast classification, educational status, type of license of fair price shops dealers, off take of ration quota, it will focused on granted weight and mergers, quality of food grains distributed by FPSs, problems of transference, warehouse and also will focused on view of dealers about socio-religious program and food security Yojana in Marathwada Region. In the other wards this chapter will consist the data analyzed and interpreted of food security and public distribution system in Marathwada Region.

5) Findings and Suggestions:-

Chapter fifth will presents the main findings of the present study, testing of hypothesis, conclusions and important suggestions from the overall study.

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